

Economic Overview - Trade - Retail Sales

Retail sales follow cyclical patterns throughout the United States. The national recession of 2001 and subsequent slow recovery hurt this segment both regionally as well as locally between 2001 and 2003. A strong peso helped encourage steady sales to customers from Ciudad Juárez, even in the face of a cyclical downturn in maquiladora payrolls and international bridge congestion difficulties following the terrorist attacks of September 11, 2001. Also, helping local retail sales performance to outpace other markets in Texas during this period were low mortgage rates. The latter led to relatively strong housing construction and real estate sales volumes, shoring up furniture and home appliance sales. Most retail categories in El Paso are projected to expand as recovery from the national recession spreads and the labor market begins to strengthen.

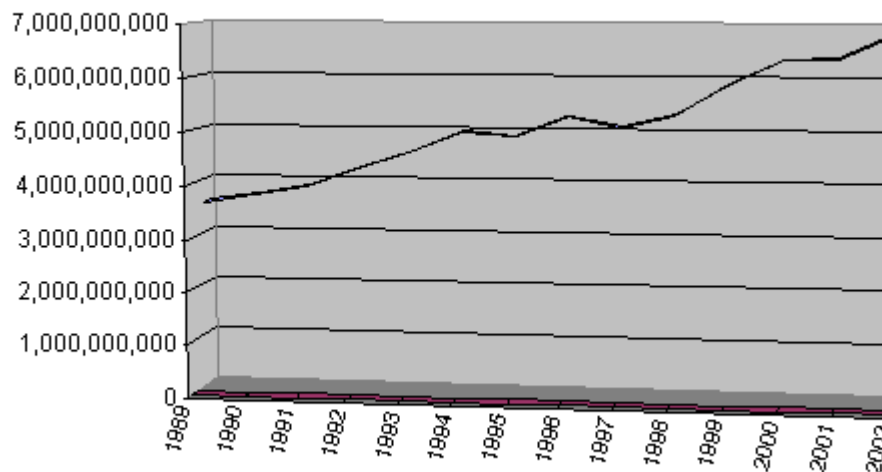
El Paso Gross Retail Sales 1989-2002

(In Billions)

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
3.564	3.718	3.887	4.258	4.546	4.940	4.872	5.258	5.050	5.309	5.885	6.344	6.354	6.812

Source: State of Texas, Comptroller of Public Accounts

El Paso Gross Retail Sales 1989-2002



Source: Texas Comptroller of Public Accounts.

RETAIL IMPACT OF MEXICAN SHOPPERS

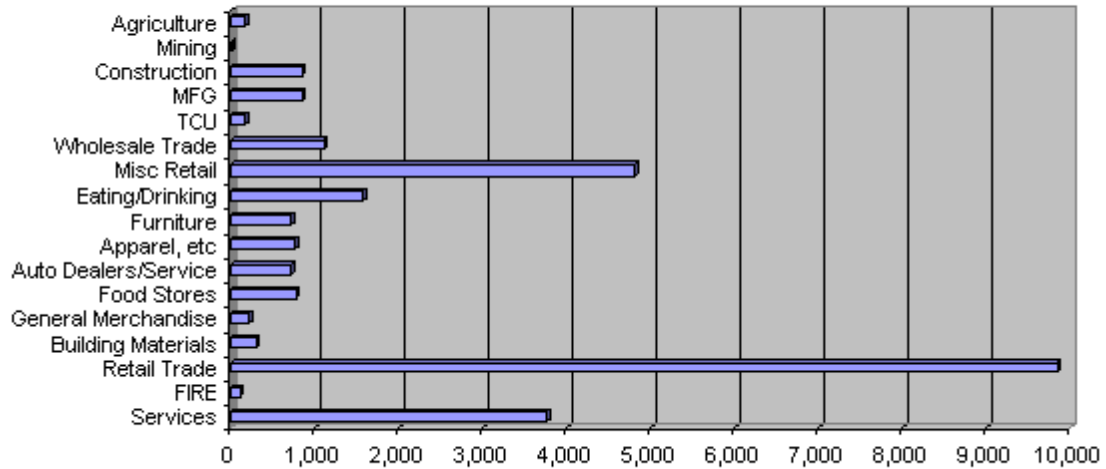
The 1999 El Paso Economic Adjustment Strategic Plan estimated that retail demand from Mexico accounted for over 14.6 percent of taxable retail sales in El Paso County during 1998. That figure implies that more than \$638 million of taxable retail sales were made to visitors from south-of-the-border in 2002. Given the relative stability projected for international reserves in Mexico, it is likely that the peso, and by extension, customer flows across the bridges, will remain strong in coming years. The latter assessment also requires that the regional economy of northern Mexico and the metropolitan economy of Ciudad Juárez expand or remain stable in future years. Recent business cycle analyses conducted for the region indicate market expansion and income growth is likely in the near-term. Customer traffic into El Paso from Mexico should benefit accordingly.

El Paso MSA Retail Sales by SIC-2002

SIC Classification	Gross Sales (x1000)	Outlets
Services	\$962,320	3,760
FIRE	\$39,903	104
Retail Trade	\$6,812,438	9,846
Building Materials	\$360,819	292
General Merchandise	\$1,180,588	219
Food Stores	\$864,730	769
Auto Dealers/Service	\$1,705,725	712
Apparel, etc	\$494,277	754
Furniture	\$418,427	719
Eating/Drinking	\$630,656	1,569
Misc Retail	\$1,157,394	4,812
Wholesale Trade	\$3,229,680	1,105
TCU	\$677,537	163
Manufacturing	\$3,960,091	845
Construction	\$692,237	844
Mining	\$86,282	6
Agriculture	\$47,558	166

Source: Texas Comptroller of Public Accounts

El Paso MSA Number of Retail Sales Outlets by SIC Code
2002



Source: Texas Comptroller of Public Accounts.